

Department of Commerce

Analyst: Freeman

Historical Summary

OPERATING BUDGET	FY 2003 Total App	FY 2003 Actual	FY 2004 Approp	FY 2005 Request	FY 2005 Gov Rec
BY PROGRAM					
Commerce	28,766,400	24,605,900	28,573,100	29,453,800	29,652,100
Idaho Rural Partnership	165,700	14,400	278,600	284,200	281,700
Total:	28,932,100	24,620,300	28,851,700	29,738,000	29,933,800
BY FUND CATEGORY					
General	6,453,800	6,292,500	6,242,500	6,474,000	7,067,400
Dedicated	6,445,100	5,214,400	6,555,000	6,787,600	6,680,600
Federal	16,033,200	13,113,400	16,054,200	16,476,400	16,185,800
Total:	28,932,100	24,620,300	28,851,700	29,738,000	29,933,800
Percent Change:		(14.9%)	17.2%	3.1%	3.8%
BY OBJECT OF EXPENDITURE					
Personnel Costs	3,072,400	2,583,500	3,204,300	3,295,300	3,323,700
Operating Expenditures	4,218,200	3,434,700	4,253,900	4,589,700	4,560,600
Capital Outlay	10,000	2,600	12,000	127,000	18,000
Trustee/Benefit	21,631,500	18,599,500	21,381,500	21,726,000	22,031,500
Total:	28,932,100	24,620,300	28,851,700	29,738,000	29,933,800
Full-Time Positions (FTP)	54.00	54.00	54.00	54.00	54.00

Department Description

The Department of Commerce is comprised of five divisions.

Economic Development: helps existing businesses expand, encourages the start-up of new Idaho businesses, and helps bring about economic diversification by attracting new businesses to Idaho. Assists local development efforts, and develops, maintains, and disseminates economic and demographic data.

Rural and Community Development: provides financial and technical assistance to Idaho's cities and counties in the construction and rehabilitation of critical infrastructure to support economic diversification, expansion, and sense of community.

International Business: assists Idaho businesses export goods and services, helps develop access to new markets, and increases foreign awareness and acceptance of Idaho products and services.

Tourism Development: helps expand Idaho's tourism and recreation industry by marketing Idaho travel opportunities at home and abroad, distributing grants to communities to promote tourism, and developing the state's film industry.

Administration: provides fiscal, personnel, and administrative support services to the department and its operational divisions.

The Idaho Rural Partnership (IRP), also housed within the Department of Commerce, is a managed network aimed at streamlining work on rural issues among federal, state, local and tribal government agencies, and the private and nonprofit sectors. The IRP serves as a nonpartisan forum for clarifying rural issues. It works to reduce the geographic and intellectual isolation of rural leaders by serving as an information clearinghouse and referral center for rural programs and policies.

Department of Commerce

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2004 Original Appropriation	54.00	6,242,500	28,851,700	54.00	6,242,500	28,851,700
Non-Cognizable Funds and Transfers	0.00	0	260,000	0.00	0	260,000
FY 2004 Estimated Expenditures	54.00	6,242,500	29,111,700	54.00	6,242,500	29,111,700
Removal of One-Time Expenditures	0.00	0	(272,000)	0.00	0	(272,000)
FY 2005 Base	54.00	6,242,500	28,839,700	54.00	6,242,500	28,839,700
Personnel Cost Rollups	0.00	40,600	63,200	0.00	40,600	63,200
Inflationary Adjustments	0.00	16,500	422,100	0.00	0	0
Replacement Items	0.00	154,100	172,100	0.00	0	18,000
Nonstandard Adjustments	0.00	2,400	113,100	0.00	(1,900)	106,700
Change in Employee Compensation	0.00	17,900	27,800	0.00	36,200	56,200
FY 2005 Program Maintenance	54.00	6,474,000	29,638,000	54.00	6,317,400	29,083,800
1. Increase Spending Authority	0.00	0	100,000	0.00	0	100,000
2. Office of Technology	0.00	0	0	0.00	100,000	100,000
3. Restore Rural Grant Funding	0.00	0	0	0.00	650,000	650,000
FY 2005 Total	54.00	6,474,000	29,738,000	54.00	7,067,400	29,933,800
Change from Original Appropriation	0.00	231,500	886,300	0.00	824,900	1,082,100
% Change from Original Appropriation		3.7%	3.1%		13.2%	3.8%

Department of Commerce

Analyst: Freeman

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2004 Original Appropriation	54.00	6,242,500	6,555,000	16,054,200	28,851,700
Non-Cognizable Funds and Transfers					Commerce
This reflects a noncognizable increase for a U.S. Economic Development Administration grant (\$150,000) for the Inland Northwest Economic Adjustment Strategy project, and for a Department of Defense cooperative agreement grant (\$110,000) for the Idaho Business Network Program.					
Agency Request	0.00	0	0	260,000	260,000
Governor's Recommendation	0.00	0	0	260,000	260,000
FY 2004 Estimated Expenditures					
Agency Request	54.00	6,242,500	6,555,000	16,314,200	29,111,700
Governor's Recommendation	54.00	6,242,500	6,555,000	16,314,200	29,111,700
Removal of One-Time Expenditures					Commerce
Remove funding provided for one-time items and noncognizable funds.					
Agency Request	0.00	0	(6,000)	(266,000)	(272,000)
Governor's Recommendation	0.00	0	(6,000)	(266,000)	(272,000)
FY 2005 Base					
Agency Request	54.00	6,242,500	6,549,000	16,048,200	28,839,700
Governor's Recommendation	54.00	6,242,500	6,549,000	16,048,200	28,839,700
Personnel Cost Rollups					
Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates which are projected to increase by 17 percent, from \$5,548 to \$6,493 per employee; and retirement system (PERSI) rates that will increase by over 6% to 10.39 and 10.73 percent of salary for regular and police/firefighter members, respectively.					
Agency Request	0.00	40,600	12,200	10,400	63,200
Governor's Recommendation	0.00	40,600	12,200	10,400	63,200
Inflationary Adjustments					
Includes a general inflationary increase of 1.9% in operating expenditures and trustee/benefit payments.					
Agency Request	0.00	16,500	111,400	294,200	422,100
<i>The Governor recommends no increase for general inflation.</i>					
Governor's Recommendation	0.00	0	0	0	0
Replacement Items					Commerce
Capital Outlay: 38 PCs (\$57,000), 38 monitors (\$28,500), 30 hard drives (\$3,000), 1 tape drive (\$4,500), memory (\$5,000), 4 laptops (\$7,200), 2 laser printers (\$8,000), 1 network switch (\$3,500), 3 servers (\$6,000), 2 digital cameras (\$1,300), 1 scanner (\$2,000), and 4 cell phones (\$1,000). Operating Expenses: Upgrade software applications (\$33,000), non-capital computer equipment (\$3,000), and Microsoft Office site license (\$9,100).					
Agency Request	0.00	154,100	9,000	9,000	172,100
<i>General Fund replacement items not recommended by the Governor. Dedicated and federal funds would fund the replacement of 8 CPUs and 8 PC monitors.</i>					
Governor's Recommendation	0.00	0	9,000	9,000	18,000

Department of Commerce

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Nonstandard Adjustments					Commerce
Reflects an adjustment in Attorney General, Controller and Treasurer fees pursuant to the Statewide Cost Allocation Plan. Also reflects a reduction in Risk Management property/casualty rates.					
The U.S. Department of Defense is increasing the funding level for the various states which administer Procurement Technical Assistance Centers, which has resulted in an increase in federal funds to the State of Idaho in the amount of \$110,000.					
Agency Request	0.00	2,400	500	110,200	113,100
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	(1,900)	(700)	109,300	106,700
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	17,900	5,500	4,400	27,800
<i>The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	36,200	11,100	8,900	56,200
FY 2005 Program Maintenance					
Agency Request	54.00	6,474,000	6,687,600	16,476,400	29,638,000
Governor's Recommendation	54.00	6,317,400	6,580,600	16,185,800	29,083,800
1. Increase Spending Authority					Commerce
In 2003, the Legislature passed SB 1082 which authorized the production and sale of a white water rafting motor vehicle license plate beginning January 1, 2004. Revenue generated from the sale of this plate is to be deposited into the Department of Commerce's Tourism and Promotion Fund and used for the general education and promotion of Idaho's white water rivers and rafting industries. This enhancement would provide the additional spending authority needed to carry out the legislative mandate.					
Agency Request	0.00	0	100,000	0	100,000
Governor's Recommendation	0.00	0	100,000	0	100,000
2. Office of Technology					Commerce
Agency Request	0.00	0	0	0	0
<i>This enhancement would provide additional funding for an Office of Technology. The office would be committed to the advancement of science, technology, and innovative economic development throughout the state.</i>					
Governor's Recommendation	0.00	100,000	0	0	100,000
3. Restore Rural Grant Funding					Commerce
Agency Request	0.00	0	0	0	0
<i>This enhancement would replace funding removed from the Rural Grants program during FY 2004. This program provides grant funding for local economic development in rural communities and encourages local private sector participation.</i>					
Governor's Recommendation	0.00	650,000	0	0	650,000
FY 2005 Total					
Agency Request	54.00	6,474,000	6,787,600	16,476,400	29,738,000
Governor's Recommendation	54.00	7,067,400	6,680,600	16,185,800	29,933,800

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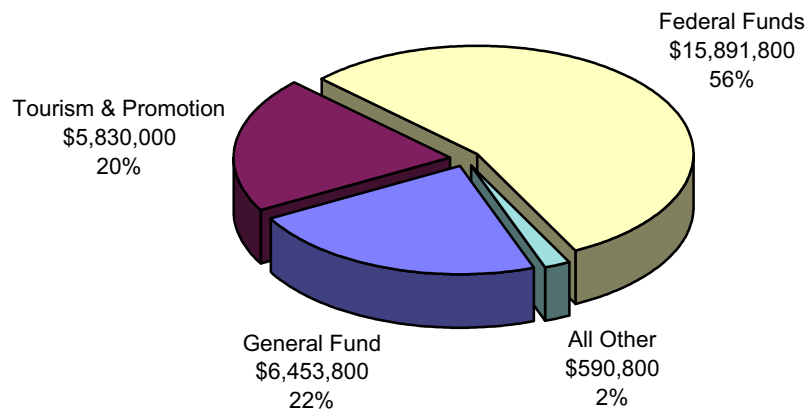
Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Agency Request					
Change from Original App	0.00	231,500	232,600	422,200	886,300
% Change from Original App	0.0%	3.7%	3.5%	2.6%	3.1%
Governor's Recommendation					
Change from Original App	0.00	824,900	125,600	131,600	1,082,100
% Change from Original App	0.0%	13.2%	1.9%	0.8%	3.8%

Department of Commerce

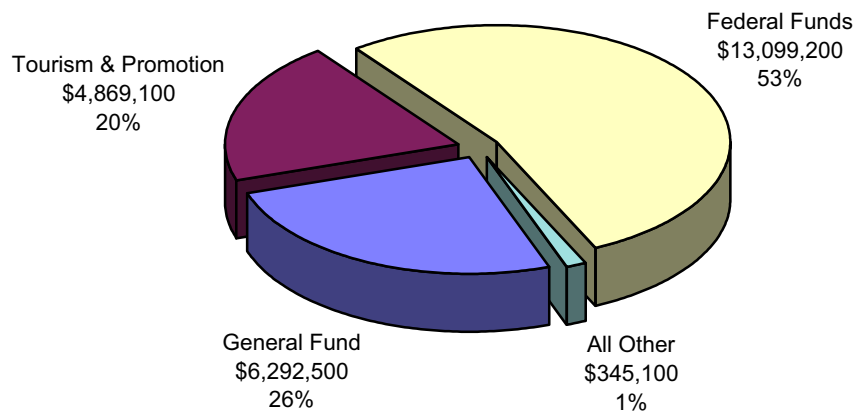
Issues & Information

Analyst: Freeman

FY 2003 Appropriation \$28,766,400



FY 2003 Expenditures \$24,605,900



Tourism & Promotion Fund

A 2% "bed" tax collected on sales by an establishment which provides lodging to members of the public for a fee, including hotels, motels, private campgrounds, RV parks, etc. is deposited to the Tourism & Promotion Fund. Revenue from the tax is distributed as follows: 45% Statewide Programs, 45% Regional Organizations, and 10% administrative expenses.

Statewide Programs	Year round operations (staff, public & industry relations, toll free phone numbers), advertising and promotions (statewide ad campaigns), special promotions, publications, education & research, \$25,000 for Gateway Visitor Centers.
Regional Organizations	Distributed via competitive grants back to non-profit travel and promotional organizations within the 7 travel regions. The tax revenue generated in a particular region must go back to that region.
Administration	For administrative and fixed operating costs e.g. staff, rent, phone, legal, audit, workshops and training, memberships.

The Tourism & Promotion Fund also receives \$25 of the initial fee and \$15 of the annual renewal fee for the Idaho snowskier and white water rafting vehicle license plates.

Department of Commerce

Issues & Information

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Idaho Rural Initiative

The Department of Commerce administers the Idaho Rural Initiative, which is composed of three programs: Rural Economic Development Grants, Gem Community Grants, and Rural Economic Development Professionals.

Rural Economic Development Grants are awarded annually for "public facility improvements necessary for job creation and business expansion. Communities are selected based on local economic conditions, project readiness and number of jobs created." The following is a list of grants awarded since the inception of this program:

FY 2002			
Community	Project	Amount	Jobs
Cascade	The Ashley Inn	406,500	30
Council	Business Park Phase II	489,100	22
Firth	Downtown Redevelopment	500,000	20
Mackay	Business Park	186,000	29
Salmon	Business Park	500,000	50
Sandpoint	Lighthouse Foods/Downtwon	300,700	10
Shoshone County	TSI/Business Park	115,300	48
St. Anthony	ML Technologies	500,000	50
		2,997,600	259

FY 2003			
Community	Project	Amount	Jobs
Bonneville County	Anheuser-Busch	500,000	25
Bonneville County	Grupo-Modelo	500,000	10
Gem County	Liberty Canyon Boys Ranch	360,000	36
Hagerman	Downtown Improvements	253,500	15
New Plymouth	Business Park	245,000	30
Orofino	Plumber One	55,000	10
Rupert	Idahoan Foods	345,000	74
Shoshone	Rocky Mountain Hardware	141,500	10
Shoshone County	Golf Course (Superfund site)	500,000	30
		2,900,000	240

FY 2004 (year-to-date)			
Community	Project	Amount	Jobs
Hazelton	Reed Grain	305,000	6
New Meadows	Business Park	500,000	11
		805,000	17

Note: "While direct job creation is occurring, additional benefits include significant secondary job creation, an increased tax base, and increased agriculture production and tourism in the state."

Source: Department of Commerce publications

Department of Commerce

Issues & Information

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Idaho Rural Initiative (continued)

Gem Community Implementation Grants: "Communities with one-year action plans are eligible for grants of up to \$50,000 to carry out economic development activities that create jobs and expand the local economy." The following is a list of grants awarded since the inception of this program:

FY 2002		
Community	Project	Amount
Adams County	Sirilli Entrepreneurship Contract	50,000
Dubois	Downtown Improvement	50,000
Fairfield	Industrial Park Planning	50,000
Hagerman	New Grocery Store/City Parking	50,000
Kamiah	Camas Railroad Study	10,000
Leadore	Equestrian Events Center	50,000
McCall	Holiday Inn/Pancake House	50,000
Pierce	Downtown Improvement	50,000
Washington County	Industrial Park Planning	18,100
		378,100

FY 2003		
Community	Project	Amount
Gem County	County Business Park	50,000
Rupert	Project Mutual Telephone	50,000
		100,000

FY 2004 (year-to-date)		
Community	Project	Amount
Hayden	Empire Air - Airport Improvements	50,000

Rural Economic Development Professionals: The Governor "awards \$500,000 to 12 areas of the state each year to fund local economic development professionals. These specialists work on local business retention, expansion and economic diversification." The following is a list of the 12 professionals and their respective areas of responsibility:

County	Professional
Boundary	Robin Ponsness
Shoshone	Vince Rinaldi
Clearwater	Rene Gingrich
Idaho, Lewis	Shaun Maxey
Valley, Boise (Northern)	John Blaye
Adams, Washington	Lisa Wolfe
Payette	<i>vacant</i>
Gem, Boise (Southern)	Morris Huffman
Gooding, Lincoln, Jerome	James Scott
Franklin, Oneida, Bear Lake, and Caribou	Richard Westerberg
Clark, Fremont	Peter Gladstone
Lemhi, Custer	Gynii Gilliam

Source: Department of Commerce publications

Organizational Chart

